

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 SAM-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05

DODE-00 DOTE-00 FMC-01 CG-00 OFA-01 DLOS-03 INT-05

PM-03 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 A-01 OPR-02

SY-05 /115 W

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R 040943Z JUN 75

FM AMCONSUL LUANDA

TO SECSTATE WASHDC 3632

INFO AMEMBASSY LISBON

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EGEN AO

SUBJECT: ANGOLA'S ECONOMY SLIPPING BADLY

1. THE PORT STRIKE. ALTHOUGH SUPPOSEDLY SETTLED AND SCHEDULED TO END JUNE 2, THE LUANDA PORT WORKERS' MOST RECENT STRIKE IS STILL ON. (THIS TIME AROUND THERE HAS BEEN SOME RACIAL VIOLENCE IN CONNECTION WITH THE BEGINNING OF THE WEEK-LONG STOPPAGE AND THERE IS A SERIOUS POSSIBILITY OF BLACK-ON-BLACK VIOLENCE FOLLOWING THE USE OF SOME OUTSIDE STEVEDORAGE TO LOAD PASSENGER SHIPS.) MANY LOCAL BUSINESSMEN ARE OUT OF SPARE PARTS DUE TO CHRONIC AND INCREASING PORT DELAYS.

2. CASH ONLY. LOCAL COMMERCIAL SUPPLY FIRMS HAVE STOPPED GRANTING NORMAL (30-90 DAY) CREDIT FACILITIES.

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3. SHORTAGES. CIGARETTES, BEER, SOFT DRINKS, WINE

(ALTHOUGH SPAIN HAS JUST SOLD ANGOLA 5,000 GALLONS OF WINE AT US\$0.48/GAL CIF), SOME MEDICINES, EGGS, SUGAR, MILK. PRODUCE IS IN SHORT SUPPLY AND LOW INCOME STAPLES - POTATOES, RICE, BREAD - ARE SHORT BUT STILL AVAILABLE. FISH IS SCARCE BECAUSE WHITE FISHERMEN ARE LEAVING.

4. UNEMPLOYMENT. RECRUITING FOR THE LIBERATION GROUP ARMIES WHICH HAD ACTED TO COUNTER LAYOFFS IN CIVIL CONSTRUCTION HAS LEVELED OFF AND NO LONGER SOPS UP UNEMPLOYED BLACK YOUTHS.

5. COFFEE. ALTHOUGH ANGOLA IS STILL SELLING OFF RESERVES, FIGHTING IN THE NORTHERN COFFEE REGION (UIGE DISTRICT) AND THE WHITE EXOBUS FROM ALL RURAL AREAS BODE ILL FOR FUTURE PRODUCTION. EVEN SELLING FROM LOCAL STOCKS IS PRESENTING A PROBLEM AS SHIPPERS ARE INCREASINGLY PUTTING A DEFINITE LIMIT ON THE AMOUNT OF TIME THEIR SHIPS ARE ALLOWED TO AWAIT BERTHING. (FARREL LINES HAS SAID ITS SHIP HERE TO LOAD COFFEE WILL LEAVE JUNE 15 WITH OR WITHOUT A CARGO.)

6. DIAMONDS. ALTHOUGH THEY HAVEN'T ADMITTED IT PUBLICLY, DIAMANG IS APPARENTLY PLACING IT OPERATION ON HOLD (LUANDA 0676).

7. CREDIT DEFAULTS. UNCOLLECTABLE DEBT IS PILING UP RAPIDLY. ONE LOCAL BANKER QUIPS THAT HIS LOAN PORTFOLIO IS SO BAD THAT IF NATIONALIZED, HE'D HAVE TO PAY THE GOVERNMENT INSTEAD OF VICE VERSA.

8. OIL. THUS FAR CABINDA CRUDE PRODUCTION IS UNAFFECTED BY THE VIOLENCE, EVEN THAT WHICH HAS OCCURRED IN CABINDA ITSELF. WITH OIL REVENUES ITS SINGLE REMAINING PROP, ANY SERIOUS PROBLEM IN CABINDA WOULD BE THE COUP DE GRACE TO THE ANGOLAN ECONOMY. ACCORDING TO MIDDLE LEVEL TEXACO AND TEXACO CONTRACTOR EMPLOYEES, THE COMPANY HAS SLOWED DOWN ITS EXPLORATION PROGRAM TO AWAIT CLARIFICATION OF THE POLITICAL SCENE.
PORTER

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